

HOUSE BILL REPORT

HB 1270

As Amended by the Senate

Title: An act relating to suspending a retirement allowance upon reemployment.

Brief Description: Suspending a retirement allowance upon reemployment.

Sponsors: By Representatives Curtis, Simpson, Conway, Hinkle, Upthegrove, Morrell, Moeller, Green, O'Brien, P. Sullivan, McDonald, Campbell, Chase, B. Sullivan, Ormsby, Kilmer, McCoy, Jarrett, Serben and Strow; by request of LEOFF Plan 2 Retirement Board.

Brief History:

Committee Activity:

Appropriations: 2/3/05, 2/16/05 [DP].

Floor Activity:

Passed House: 3/3/05, 97-0.

Senate Amended.

Passed Senate: 4/13/05, 47-0.

Brief Summary of Bill

- Permits retired members of the Law Enforcement Officers' and Retirement System Plan 2 (LEOFF 2) who become employed in a job covered by the Public Employees' Retirement System, the Teachers' Retirement System, the School Employees' Retirement System, or the Public Safety Employees' Retirement System to either receive their LEOFF 2 retirement benefits while employed or accrue service credit from the retirement system that covers their new job.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 28 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Bailey, Buri, Clements, Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hinkle, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia, Pearson, Priest, Schual-Berke, Talcott and Walsh.

Staff: David Pringle (786-7310).

Background:

The Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2) provides retirement benefits to full-time and fully-compensated law enforcement officers and

fire fighters who first entered membership-eligible employment on or after October 1, 1977. Members of LEOFF 2 are eligible for full retirement benefits beginning at age 53. LEOFF 2 members who have earned 20 or more years of service credit may retire early beginning at age 50, with a 3 percent per year reduction for each year that he or she retires before age 53.

Retired members of the LEOFF 2 pension benefits are suspended if a member is employed in a LEOFF-covered position, or a position covered by the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), or the Public Safety Employees' Retirement System (PSERS). A LEOFF 2 retiree may work for a private employer, or in a retirement system ineligible position for a public employer, without having his or her pension benefits suspended.

The LEOFF 2 reemployment pension benefit suspension rule is different from those of the PERS, TRS, SERS, and PSERS Plans 2 and 3. Retirees of these plans who have been separated from employment for 30 days may work in a retirement-eligible position for up to 867 hours each calendar year without suspension of pension benefits.

The general rules of Washington's retirement systems prohibit members of the LEOFF 2 from joining a second state retirement system plan if they are either receiving or are eligible to receive pension benefits from any Department of Retirement Systems (DRS) administered pension plan, or the plans operated by the cities of Seattle, Tacoma, and Spokane (the First Class Cities retirement plans). This limit does not apply to LEOFF 2 members if the retiree/member has accumulated fewer than 15 years of service credit. The rule was created in part to prevent members of the Plans 1 from moving to a second retirement plan following the accrual of 30 years of service in one plan such as LEOFF, PERS, or TRS Plan 1.

The effect of the LEOFF 2 prohibitions are that a retiree from LEOFF 2 may neither collect their pensions, nor earn service credit if employed in a PERS, TRS, SERS, PSERS, or LEOFF-covered position.

Summary of Bill:

A retiree of LEOFF 2 who becomes employed in a non-LEOFF eligible position may choose to either: receive LEOFF 2 retirement benefits while employed in the non-LEOFF position and be prohibited from entering a new retirement plan; or enter into the membership of his or her new position's retirement plan, make contributions and accrue service credit, and have their LEOFF 2 retirement benefit suspended until the employment covered by the other retirement plan ends.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment limits a LEOFF member that decides to work in an eligible position and receive pension benefits to receiving a pension only until the member has worked for

1,500 hours per calendar year. After the member has worked beyond 1,500 hours, his or her pension benefits are suspended for the remainder of the calendar year.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately, except section 2, relating to the inclusion of the public safety employees' retirement systems, which takes effect July 1, 2006.

Testimony For: We are trying to give members who want to work part time a reasonable option, but not allow double-dipping. One of the reasons for this bill is the Attorney General's office's need to recruit investigators. The LEOFF 2 members are hard to recruit, as they have to give up their pensions, and cannot join the PERS or TRS. Court security is another common place that these members might work - they used to get LEOFF 1 retirees who did not face the current restrictions.

Testimony Against: None.

Persons Testifying: Representative Curtis, prime sponsor; and Steve Nelsen, Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board.

Persons Signed In To Testify But Not Testifying: None.